

# **EXHIBIT “B”**

**Laurence Escalante Presenting VGW to Investors in YouTube  
Video Titled “Virtual Gaming Worlds – LAUNCH Festival 2012  
Presentation”:**

Jason Calacanis: “Virtual Gaming Worlds... are you there? Great, welcome.”

Laurence Escalante: “Hello. So what we do is very simple but very powerful. We combine social gaming with gambling. So in the United States, that's virtual currency only gambling, but outside the United States, that's licensed real money casino play. So if Farmville is about building your own farm and sharing that with your friends, then what if there was a game like Casinoville, where you could build your own casino, populate it with games, and monetize and earn real money from all the gaming traffic that came through your casino, whether it was virtual currency or real currency? Well, that game exists, we've built it, and that's exactly what I'm going to show to you today.”

*(Begins to demonstrate the product)*

“So this is Sarah. Sarah is from the States, but she now lives in London, and all her friends are all across the globe. To hang out and chat, she's created a virtual environment, a virtual room, and she's populated it with furniture and items from the store. But what her and her friends would really love to do is actually play games together. So she buys a couple of different types of slot machines and a scratch card machine, games that they can play while they're all hanging out and chatting and catching up. So now she's about to place them in her own little living room, her own virtual living room, and she's about to turn it into a real-life casino. She's going to activate the games by clicking on them in just a second. And she's

going to play them. And her and her friends can enjoy these games while chatting and catching up.

So ladies and gentlemen, what you're looking at aren't just virtual games. They're not just toys. These are licensed, cash out enabled, audited, real-money casino games available for players outside the United States. Virtual currency only, obviously, for players inside the United States. Now she's playing some slot machines. She was just playing some scratch cards earlier. But the game that Sarah and her friends really love to play is bingo. They used to love to hit the bingo halls together. So, that's the game that Sarah would really love to be able to put into her room. So as you can see there, she's got her sights set on that bingo machine there.

But she's got to be level five to buy it. She's only level three. So Sarah's got some leveling up to do. So she goes into our world, Chumba World, the world's first virtual casino world that's filled with hundreds or thousands of people from all across the globe. Chatting, meeting each other, socializing, and playing games. Dozens of games, in fact. Games like horse racing. You know, Sarah and her friends used to love to get dressed up and hit the horse races together. So now she's having a virtual punt. But with real money, as she's in the UK, on virtual horse racing.

Now, perhaps Sarah has met someone at the races. A nice guy. They get chatting, and they agree to go on a lovely romantic date on top of Mount Chumba. With a beautiful view overlooking the city, and they're about to share a little romantic kiss. Awww. But Sarah's a busy woman. She's got some gaming to do if she's going to get that bingo machine.

So she heads back into the city. Now she's playing some video poker. Ladies and gentlemen, again, this is not a toy. This is a real-life, cash out enabled, licensed, and audited video poker machine. So she's about to hit a bonus game and double her money and get enough experience points and the chance to win some bonus virtual items. And she's hit level four, so she's almost there. Perhaps Sarah likes skill games like chess, games where even in the States, you can actually play the house to win and lose real money.

Perhaps she likes casual games, games inspired by some of the most popular casual games on the planet, like Bejeweled or Puzzle Bubble, like you're seeing here. Again, being games of skill, she can play the house and win or lose real currency. So now Sarah's almost level five, so she returns back to her home, to her little mini casino, and starts playing some three reel slots. And she wins, and now she's hit level five. And at last she can now look at purchasing that bingo machine for her and her friends to enjoy in the privacy of their own little virtual room environment. So she goes to the store, checks out the game machines available to her.

But, Sarah needs to be a VIP. She needs to be a subscriber to the platform to actually purchase and build out her own casino even further. So she subscribes, and now she can purchase it and place a couple of machines in her little virtual casino.

Now this is just the beginning for Sarah. Sarah would love to take this even further and expand this beyond her little social group of girlfriends that love to hang out. Sarah's dream is to create a massive bingo hall to populate it with even more furniture, and items, and spread it to her Twitter followers and embed it on her blog; and create different themes, purchase multiple rooms, and turn this into a real and thriving growing casino business. Now, remember, Sarah's getting between 10% and 20% of all the turnover generated by her casino.”

*(Ends demonstration of product)*

“This is not a toy; it's a real casino. So, ladies and gentlemen, that's just a taste of some of the potential available to us when we combine the world of gaming with gambling.”

Jason Calacanis: “Let's hear it for Virtual Gaming Worlds. And I guess the obvious question: is this real money or fake money? Is this real money or fake money?”

*(laughter)*

“No; you answered it seven times. You answered that seven times. Okay, I'm just fucking with you. Sky, you're a degenerate gambler like myself. We've spent many hours playing poker together until all hours of the morning. What do you think of this degeneracy?”

Sky Dayton: “Well, Brad and I were just talking about our greatest dream was to have our own private bingo hall, so thank you for making that possible. I mean, I think we are probably a fairly U.S.-centric panel, so I think you're going to find not a lot of real money online gaming experience here. I mean, is this— I mean, I think with what's happening legislatively, that's going to change in the U.S. But what is the stage? I mean, where is this at right now? Is this live?”

Laurence Escalante: “No, it's live for beta testers now.”

Sky Dayton: “And what do you think, who's your competition for this? Who else is doing something like this?”

Laurence Escalante: “Something exactly identical to this there's practically no one yet, but certainly the guys looking to get in the space, everyone from Zynga in the

social gaming space. They've been making noise about the online gambling space for quite some time now. Everyone from the offline guys to the online gambling guys, they're all wading thick and fast into the space. So you talked about virtual currency gambling and how relatively small that might be, but it's not actually the case. Casino games on Facebook are actually some of the highest monetizing games on the Facebook platform. To give you an example, about eight weeks ago, IGT, the largest slots machine maker on the planet, 5 million MAUs, and purchased them for half a billion dollars. That's entirely a virtual casino that cannot enable real money play. They're not licensed. They're based out of Seattle. They have no international licenses; games not tested; games not architected to be applicable for the real-money gambling world that exists outside of the United States.”

Jason Calacanis: “Shervin, you've got probably more experience than anybody in the virtual gaming space on the panel. What are the chances? I mean, Zynga's been pretty clear that they're going to go into this space. The stock had a massive run-up when they gave every indication, but we can all be sure they're going to go into this space. Facebook is clearly going to allow some level of this, correct? What do you think? What does your gut tell you, your instinct, Shervin?”

Shervin Pishevar: “So the last company I started was SGN, Social Gaming Network, and we got to about 50 million users on the iPhone. And my last game that I did before I sold it was called Mini Tycoon Casino.”

Laurence Escalante: “Yes, I saw it, played it, loved it.”

Shervin Pishevar: “You're a fan? Good. There was a lot of love in that game, and we worked really hard on it. And the concept was to kind of set it up so that if in

the future that becomes legal, that you could turn that on. So Zynga is definitely waiting for that to happen in the U.S. But at the same time, there's this massive opportunity in the rest of the world to do this. And I've been looking for someone to build this platform. And if you're saying it's already ready, I mean, you've built it specifically for this, I mean, that's a really tremendous and big idea for the rest of the world. And, you know, what you'd have to do, obviously, you'd have to set up your company, I'm sure you've done this, outside of the U.S. and then build it, launch it, have it be successful, and when it actually is legal in the U.S., then you would launch here. But at the same time, it's just a — it's a massive opportunity.”

Jason Calacanis: “Shervin, let me ask you this: I mean, you've joined Menlo, correct? And so you've done tons of angel investing on your own now you're at a big VC firm. Would Menlo or a VC firm be able to invest in this? Or do they have you know, sort of conditions with their limited partners that they cannot invest in this?”

Shervin Pishevar: “Yeah, most I mean, most U.S. venture firms are not going to invest in this.”

Jason Calacanis: “Would you personally invest in this?”

Shervin Pishevar: “So, I mean, I'm investing through Menlo, so no.”

Jason Calacanis: “But you can invest personally if Menlo passes.”

Shervin Pishevar: “Yeah, so I'd have to check with my lawyers.”

Jason Calacanis: “But would you? Would you be interested?”

Shervin Pishevar: "It's a massive idea, and I think the potential is there, so I would definitely consider it, yeah."

Jason Calacanis: "What about you, Sky, and Matt? I mean, there's been a little bit of a sort of perception here in the United States that gambling is something horrible, even though we have lotteries and all kinds of stuff going on there, and the tax revenue is certainly needed. Would you, as angel investors, and I know, Matt, you're primarily an angel investor, and Sky, you do it rarely, would you consider getting involved in this kind of space, or do you have a morality kind of issue with it?"

Matt (Last Name Unknown): "Yeah, I mean, I haven't made that decision before and invested in something. I mean, there's definitely uh... I guess my answer is I don't know. I haven't really thought about it."

Sky Dayton: "I mean, for me personally, probably not. And that's not to say it's not a multi-billion dollar idea. I think it probably is."

Shervin Pishevar: "I would urge you to do something from the beginning in terms of donating. a percentage of any profits to causes and education, all of that."

Matt (Last Name Unknown): "I just had two product questions, though."

Laurence Escalante: "Sure."

Matt (Last Name Unknown): "Does the person who has the casino, are they taking a rake? I didn't quite get, is that right?"

Laurence Escalante: "Yeah, it depends on the type of game. So if they've got a poker table, yeah. A poker table is this rake, and obviously with the other games



like scratch cards and slot machines, you know, there's a house edge, you know, the house hold, the typical percentage that the house takes. So they'll get a percentage of that between 10 and 20.”

Matt (Last Name Unknown): “And what's your background?”

Laurence Escalante: “In game development for about seven years, globally distributed game developments across the Philippines. That's where a bulk of our team is. All our real money engineers are in India. So we're a very globalized team.”

Unknown (Off Screen): “Is it run as a standalone downloadable app, or is it run on a browser, or is it run on a Facebook page?”

Laurence Escalante: “Yeah, not currently a standalone downloadable on its own web page. It's Facebook Connect enabled, and we'll be porting it to mobile next.”

Brad Gerstner: “Is the IP around the actual licenses and the games, is all of that yours, or do you have partnerships with people who've built some of that?”

Laurence Escalante: “All proprietary.”

Sky Dayton: “And how do you establish trust? You talk about these. Slot machines, for example, being audited and everything like that. There's an established feel of a casino when you go in that the slot machine is somehow legitimate or something. How do you do that? With a third party or what brand?”

Laurence Escalante: “As a precondition to pretty much any reputable gambling regulatory body, they require your games to go through certification, which is basically an independent order that reviews everything about the game from the

source code to the graphics and the random number generator. They look at 4 billion results and run it through 50 statistical tests to make sure that they rubber stamp it and make sure that you're a compliant. It's a real money gambling game.”

Unknown (Off Screen): “Where is it licensed? What country?”

Laurence Escalante: “We're starting in Asia. So the first one is out of the Philippines. That's Asia's first online gambling jurisdiction. But most of the big ones are in Europe, actually. So that's our next step.”

Jason Calacanis: “Great. Let's hear it for Virtual Gaming Worlds”